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Capehart Charges Critic Of Market Lauded Reds

WASHINGTON, March 20 (P).—Sen. Homer E. Capehart, R., Ind., charged today that a Senate witness who criticized the stock-market boom had written favorably of communism. He said he will demand that the man be recalled for questioning.

The witness, John K. Galbraith, professor of economics at Harvard University, promptly accused Sen. Capehart of quoting him out of context. He said the statements at issue had the general support of Dr. Milton Eisenhower, the President's brother, among others.

Prof. Galbraith testified in connection with the Senate Banking Committee's "friendly" investigation of the stock market. Some market analysts blamed his testimony in part for a subsequent \$10,000,000,000 decline in stock values.

Defended by Monroney

Sen. Capehart, a committee member, was asked about Prof. Galbraith's testimony during an appearance on the NBC radio-TV program, "American Forum." Also appearing was Sen. A. S. Mike Monroney, D., Okla., another committee member, who defended Prof. Galbraith.

Sen. Capehart read from a 1949 pamphlet issued by the National Planning Association. In it, Prof. Galbraith asserted that "dangerously little" had been said "of the achievements of communism" and that the Communists were "sincere" in their promises to erase grievances.

The Indiana Republican, who has been highly critical of the course of the market inquiry, said either the committee and its chairman were ignorant of Prof. Galbraith's philosophies or they knowingly scheduled his testimony to "discredit . . . the American economy."

Galbraith's Explanation

Prof. Galbraith, who had testified that stock values appear to be outpacing the rest of the economy, fired back that the paragraphs cited by Sen. Capehart were designed only to show

the appeal of communism to the European masses.

He said the Senator did not read subsequent paragraphs which "tell of the resulting danger. The pamphlet specifically states that, as of the moment, the race between communism and the West is 'a highly unequal one.'"

Prof. Galbraith added that the pamphlet had the "general" support of Milton Eisenhower and Allen W. Dulles, brother of the Secretary of State and head of the Central Intelligence Agency. He said Sen. Capehart could not "plead ignorance of the import of the document" because he had wired him before the program was filmed.

The NBC network, in distributing transcripts of the program, included copies of Sen. Capehart's charges and a telegram which it said it received from Prof. Galbraith on Saturday. Prof. Galbraith said Sen. Capehart's statement "infers I am a Communist sympathizer."

Wants Witness Recalled

Sen. Capehart told the TV audience that he will ask when the committee resumes its hearings tomorrow that Prof. Galbraith be recalled for further questioning. He said the public has a right to "know his philosophy and thinking."

When the Indiana Republican said flatly that the professor had "praised communism," Sen. Monroney said he didn't understand him that way. He said he understood Prof. Galbraith to mean that the Communists had made "certain developments."

"Should we close our eyes to the fact that they did achieve the atom bomb, the hydrogen bomb, that here is a dangerous threat to the free way of life?" Sen. Monroney asked.

"I don't want to live in a dream world either by the threat of communism or by the threat of over-expansion of speculation to find ourselves in economic trouble," he said.

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